Chapter 1 Marketing: Creating and Capturing Customer Value

1) All of the following are accurate descriptions of modern marketing, EXCEPT which one?
A) Marketing is the creation of value for customers.
B) Marketing is managing profitable customer relationships.
C) Selling and advertising are synonymous with marketing.
D) Marketing involves satisfying customers' needs.
E) Marketing is used by for-profit and not-for-profit organizations.
Answer: C
Diff: 2 Page Ref: 2 and 4
Skill: Concept
Objective: 1-1

2) According to the opening scenario, the Tide marketing team is MOST concerned about which of the following?
A) maintaining its brand share
B) fostering customers' emotional connections with their product
C) advertising their product's benefits
D) comparing the effectiveness of their product to other brands
E) incorporating consumer-generated marketing in the marketing mix
Answer: B
Diff: 2 Page Ref: 2
Skill: Concept
Objective: 1-1

3) According to management guru Peter Drucker, "The aim of marketing is to _____."
A) create customer value
B) identify customer demands
C) make selling unnecessary
D) set realistic customer expectations
E) sell products
Answer: C
Diff: 2 Page Ref: 5
Skill: Concept
Objective: 1-1

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4) _____ is defined as a social and managerial process by which individuals and organizations obtain what they need and want through value creation and exchange.
A) Selling
B) Advertising
C) Bartering
D) Marketing
E) Negotiating
Answer: D
Diff: 2 Page Ref: 5
Skill: Concept
Objective: 1-1

5) Which steps of the five-step marketing process are about understanding customers, creating customer value, and building strong customer relationships?
A) the first two only
B) the first three only
C) the first four only
D) the last three only
E) the last four only
Answer: C
Diff: 2 Page Ref: 5
AACSB: Communication
Skill: Concept
Objective: 1-1

6) According to the simple five-step model of the marketing process, a company needs to _____ before designing a customer-driven marketing strategy.
A) determine how to deliver superior value
B) build profitable relationships with customers
C) use customer relationship management to create full partnerships with key customers
D) understand the marketplace and customer needs and wants
E) construct key components of a marketing program
Answer: D
Diff: 2 Page Ref: 5
AACSB: Communication
Skill: Concept
Objective: 1-2

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7) _____ are human needs as shaped by individual personality and culture.
A) Needs
B) Wants
C) Demands
D) Values
E) Exchanges
Answer: B
Diff: 2 Page Ref: 6
Skill: Concept
Objective: 1-2

8) When backed by buying power, wants become _____.
A) social needs
B) demands
C) physical needs
D) self-esteem needs
E) exchanges
Answer: B
Diff: 1 Page Ref: 6
Skill: Concept
Objective: 1-2

9) What do companies call a set of benefits that they promise to consumers to satisfy their needs?
A) market offering
B) value proposition
C) demand satisfaction
D) need proposition
E) evoked set
Answer: A
Diff: 1 Page Ref: 6
Skill: Concept
Objective: 1-2

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10) Which of the following refers to sellers being preoccupied with their own products and losing sight of underlying consumer needs?
A) selling myopia
B) marketing management
C) value proposition
D) marketing myopia
E) the product concept
Answer: D
Diff: 1 Page Ref: 6
Skill: Concept
Objective: 1-2

11) When marketers set low expectations for a market offering, the biggest risk they run is _____.
A) disappointing loyal customers
B) decreasing customer satisfaction
C) failing to attract enough customers
D) failing to understand their customers' needs
E) incorrectly identifying a target market
Answer: C
Diff: 1 Page Ref: 7
Skill: Concept
Objective: 1-2

12) _____ is the act of obtaining a desired object from someone by offering something in return.
A) A value proposition
B) Exchange
C) Bribery
D) Value creation
E) Donation
Answer: B
Diff: 1 Page Ref: 7
Skill: Concept
Objective: 1-2

13) A(n) _____ is the set of actual and potential buyers of a product.
A) market
B) audience
C) group
D) segment
E) exchange
Answer: A
Diff: 1 Page Ref: 7
Skill: Concept
Objective: 1-2

14) Consumer research, product development, communication, distribution, pricing, and service are all core _____ activities.
A) exchange
B) marketing
C) management
D) production
E) customer relationship management
Answer: B
Diff: 1 Page Ref: 7
AACSB: Communication
Skill: Concept
Objective: 1-2

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15) Which of the following is the most likely result of a marketing strategy that attempts to serve all potential customers?
A) All customers will be delighted.
B) Customer-perceived value will increase.
C) Customer evangelists will become unpaid salespersons for the service or product.
D) Not all customers will be satisfied.
E) The company will need to follow up with a demarketing campaign.
Answer: D
Diff: 3 Page Ref: 9
AACSB: Analytic Skills
Skill: Concept
Objective: 1-3

16) In the case of excess demand, _____ may be required to reduce the number of customers or to shift demand temporarily or permanently.
A) marketing
B) demarketing
C) value marketing
D) surplusing
E) negotiating
Answer: B
Diff: 1 Page Ref: 9
Skill: Concept
Objective: 1-3

17) The art and science of choosing target markets and building profitable relationships with them is called _____.
A) marketing management
B) positioning
C) segmentation
D) selling
E) differentiation
Answer: A
Diff: 1 Page Ref: 8
Skill: Concept
Objective: 1-3

18) Selecting which segments of a population of customers to serve is called _____.
A) market segmentation
B) positioning
C) customization
D) target marketing
E) managing the marketing effort
Answer: D
Diff: 1 Page Ref: 8
Skill: Concept
Objective: 1-3

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19) Which of the following is the set of benefits a company promises to deliver the customer to satisfy their needs?
A) a money-back guarantee
B) low pricing
C) good customer service
D) a value proposition
E) an attribute
Answer: D
Diff: 1 Page Ref: 9
Skill: Concept
Objective: 1-3

20) Which customer question is answered by a company's value proposition?
A) "Why should I buy your brand rather than a competitor's?"
B) "How does your brand benefit me and society?"
C) "What are the costs and benefits of your brand?"
D) "What kind of experience will I have with products and services associated with this brand?"
E) "What are the benefits of being a loyal consumer of your brand?"
Answer: A
Diff: 3 Page Ref: 9
AACSB: Communication
Skill: Concept
Objective: 1-3

21) Which of the following marketing management orientations focuses primarily on improving efficiencies along the supply chain?
A) production concept
B) product concept
C) selling concept
D) marketing concept
E) social marketing concept
Answer: A
Diff: 2 Page Ref: 9
AACSB: Analytic Skills
Skill: Concept
Objective: 1-3

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22) Which of the following marketing management concepts is most likely to lead to marketing myopia?
A) customer-driven marketing
B) customer-driving marketing
C) social marketing
D) selling
E) production
Answer: E
Diff: 3 Page Ref: 9
Skill: Concept
Objective: 1-3

23) The _____ concept is aligned with the philosophy of continuous product improvement and the belief that customers will choose products that offer the most in quality, performance, and innovative features.
A) product
B) production
C) customer
D) marketing
E) promotion
Answer: A
Diff: 1 Page Ref: 10
Skill: Concept
Objective: 1-3

24) The product concept says that a company should do which of the following?
A) improve marketing of its best products
B) market only those products with high customer appeal
C) focus on the target market and make products that meet those customers' demands
D) focus on making continuous product improvements
E) make promoting products the top priority
Answer: D
Diff: 2 Page Ref: 10
Skill: Concept
Objective: 1-3

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25) "Build a better mousetrap and the world will beat a path to your door" reflects the _____ concept.
A) production
B) marketing
C) selling
D) product
E) target marketing
Answer: D
Diff: 2 Page Ref: 10
AACSB: Reflective Thinking
Skill: Concept
Objective: 1-3

26) Which concept calls for aggressive selling and focuses on generating transactions to obtain profitable sales?
A) marketing
B) production
C) product
D) selling
E) societal marketing
Answer: D
Diff: 1 Page Ref: 10
Skill: Concept
Objective: 1-3

27) Which concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do?
A) product
B) production
C) selling
D) marketing
E) equity
Answer: D
Diff: 1 Page Ref: 10
Skill: Concept
Objective: 1-3

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28) A firm that uses the selling concept takes a(n) _____ approach.
A) outside-in
B) myopic
C) inside-out
D) societal
E) customer service
Answer: C
Diff: 2 Page Ref: 10
Skill: Concept
Objective: 1-3

29) According to the production concept, consumers will favor products that are _____ and _____.
A) satisfying; quality focused
B) advertised; affordable
C) in high demand; hard to find
D) segmented; convenient
E) available; affordable
Answer: E
Diff: 3 Page Ref: 9
Skill: Concept
Objective: 1-3

30) Herb Kelleher of Southwest Airlines used the marketing concept in his successful organization. Having a customer department rather than a marketing department, as suggested by Kelleher, is an example of a(n) _____ perspective.
A) outside-in
B) external
C) inside-out
D) modern
E) traditional
Answer: A
Diff: 3 Page Ref: 10
Skill: Concept
Objective: 1-3

31) Though often criticized, the selling concept is particularly appropriate and effective with which of the following types of products?
A) convenience
B) shopping
C) specialty
D) unsought
E) demarketed
Answer: D
Diff: 2 Page Ref: 10
Skill: Concept
Objective: 1-3

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32) Which of the following reflects the marketing concept philosophy?
A) "We don't have a marketing department; we have a customer department."
B) "We're in the business of making and selling superior products."
C) "We build them so you can buy them."
D) "When it's profits versus customers' needs, profits will always win out."
E) "You won't find a better deal anywhere."
Answer: A
Diff: 3 Page Ref: 10
AACSB: Reflective Thinking
Skill: Concept
Objective: 1-3

33) Customer-driven marketing usually works well when _____ and when customers _____.
A) a clear need exists; are difficult to identify
B) customers know what they want; are loyal to the brand
C) a firm can deliver the goods desired; are thoroughly researched
D) a clear need exists; know what they want
E) a need exists; don't know what they want
Answer: D
Diff: 2 Page Ref: 11
Skill: Concept
Objective: 1-3

34) Marie Ortiz enjoys her work at Futuristic Designs, Inc. Her organization understands and anticipates customer needs even better than customers themselves do and creates products and services to meet current and future wants and demands. Marie's firm practices _____ marketing.
A) customer-driven
B) customer-driving
C) relationship
D) donor
E) social
Answer: B
Diff: 2 Page Ref: 11
Skill: Concept
Objective: 1-3

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35) When customers don't know what they want or don't even know what's possible, the most effective strategy is _____ marketing.
A) customer-driven
B) customer-driving
C) societal
D) production
E) product
Answer: B
Diff: 2 Page Ref: 11
Skill: Concept
Objective: 1-3

36) The societal marketing concept seeks to establish a balance between consumer short-run wants and consumer _____.
A) short-run costs and profits
B) short-run ethics
C) long-run welfare
D) immediate health
E) value propositions
Answer: C
Diff: 2 Page Ref: 11
AACSB: Ethical Reasoning
Skill: Concept
Objective: 1-3

37) Which concept holds that firms must strive to deliver value to customers in a way that maintains or improves the consumer's and society's well-being?
A) marketing
B) selling
C) product
D) societal marketing
E) equity
Answer: D
Diff: 1 Page Ref: 11
AACSB: Ethical Reasoning
Skill: Concept
Objective: 1-3

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38) The three areas of consideration that should be balanced in the societal marketing concept are consumer wants, society's interests, and _____.
A) human welfare
B) want satisfaction
C) company profits
D) short-run wants
E) long-term needs
Answer: C
Diff: 2 Page Ref: 11
AACSB: Ethical Reasoning
Skill: Concept
Objective: 1-3

39) The set of marketing tools a firm uses to implement its marketing strategy is called the _____.
A) promotion mix
B) product mix
C) marketing mix
D) TQM
E) marketing effort
Answer: C
Diff: 2 Page Ref: 12
Skill: Concept
Objective: 1-3

40) Of the following, which is the most important concept of modern marketing?
A) customer relationship management
B) societal marketing
C) consumer-generated marketing
D) properly trained salespeople
E) low prices
Answer: A
Diff: 2 Page Ref: 13
AACSB: Communication
Skill: Concept
Objective: 1-4

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41) Building, keeping, and growing profitable relationships by delivering customer value and satisfaction is called _____.
A) customer lifetime value
B) customer perceived value
C) customer relationship management
D) database marketing
E) societal marketing
Answer: C
Diff: 1 Page Ref: 13
Skill: Concept
Objective: 1-4

42) Customer-perceived value is determined by a customer's _____ of the benefits and costs of a market offering relative to those of competing offers.
A) personal assessment
B) rational expectations
C) accurate assessment
D) objective evaluation
E) emotional understanding
Answer: A
Diff: 2 Page Ref: 13
Skill: Concept
Objective: 1-4

43) It is most accurate to say that customers buy from stores and firms that offer which of the following?
A) the highest value for the dollar
B) the highest customer-perceived value
C) the highest level of customer satisfaction
D) the most attractive company image
E) the most concern for society's interests
Answer: B
Diff: 3 Page Ref: 13
Skill: Concept
Objective: 1-4

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44) _____ is defined as the customer's evaluation of the differences between all the benefits and all the costs of a marketing offer relative to those of competing offers.
A) Customer equity
B) Customer satisfaction
C) Customer evangelism
D) Customer-perceived value
E) Marketing myopia
Answer: D
Diff: 1 Page Ref: 13
Skill: Concept
Objective: 1-4

45) Which of the following is the term for customers who make repeat purchases and tell others about their positive experiences with a product or service?
A) satisfied customers
B) customer evangelists
C) butterflies
D) full partners
E) social customers
Answer: B
Diff: 2 Page Ref: 13
AACSB: Communication
Skill: Concept
Objective: 1-4

46) Which of the following strategies would a company most likely use to increase customer satisfaction?
A) decreasing the variety of offered services
B) demarketing
C) lowering prices
D) "firing" unprofitable customers
E) limiting customer experiences with a brand
Answer: C
Diff: 3 Page Ref: 16
Skill: Concept
Objective: 1-4

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47) A room upgrade offered by a hotel to a guest who often stays in the hotel is an example of a _____.
A) frequency marketing program
B) basic customer relationship
C) club marketing program
D) partner relationship management technique
E) structural benefit
Answer: A
Diff: 2 Page Ref: 16
AACSB: Reflective Thinking
Skill: Concept
Objective: 1-4

48) iRobot, the makers of Roomba, have involved their customers in product development, marketing, and technical support in an effort to foster which of the following?
A) basic relationships
B) customer delight
C) selective relationship management
D) customer-perceived value
E) frequency marketing programs
Answer: B
Diff: 3 Page Ref: 14-15
Skill: Concept
Objective: 1-4

49) In which of the following situations has a company most actively turned its consumers into marketing partners?
A) American Airlines awards frequent flyer points to returning customers.
B) Paige Premium Denim jeans provide a superior quality and a perfect fit.
C) iRobot invites enthusiastic Roomba owners to develop and share their own programs and uses for the company's robotic vacuum.
D) Best Buy distinguishes between its best customers, called *angels*, and its less profitable customers, called *demons*, stocking merchandise to appeal to separate groups of its angels.
E) Toyota develops a marketing presence on social networks and other online communities.
Answer: C
Diff: 2 Page Ref: 14
AACSB: Reflective Thinking
Skill: Concept
Objective: 1-4

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50) Using customer profitability analysis to weed out unprofitable customers and target winning ones for pampering is referred to as _____.
A) customer relationship management
B) positioning
C) database marketing
D) selective relationship management
E) marketing myopia
Answer: D
Diff: 2 Page Ref: 17
Skill: Concept
Objective: 1-4

51) Pete Sanchez, a recent graduate of business school, has a different approach than his marketing manager, who believes in keeping customers at arm's length and using mass media advertising. Pete knows that today few successful firms still practice true _____ and are instead turning to selective relationship management.
A) club marketing
B) frequency marketing
C) mass marketing
D) customer satisfaction
E) market segmentation
Answer: C
Diff: 2 Page Ref: 16
Skill: Concept
Objective: 1-4

52) The Niketown running club that organizes twice weekly evening runs and follow-up meetings in the Nike Store is an example of which of the following?
A) a frequency marketing program
B) a basic customer relationship
C) a club marketing program
D) a partner relationship
E) a structural benefit provided for top customers
Answer: C
Diff: 2 Page Ref: 18
Skill: Concept
Objective: 1-4

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53) Which of the following has NOT contributed to the deeper, more interactive nature of today's customer relationships?
A) e-mail
B) Web sites
C) online social networks
D) traditional advertising
E) video sharing
Answer: D
Diff: 2 Page Ref: 18
AACSB: Use of IT
Skill: Concept
Objective: 1-4

54) Which of the following best explains why consumers have greater power and control in today's marketplace?
A) The production concept and competition have lowered prices.
B) Implementation of the product concept has resulted in continually improving products.
C) Customer-driven marketing creates products and services that meet customers' future needs.
D) More companies are implementing social marketing and weighing long-term costs and benefits.
E) Through new communication technologies, customers have more access to information and more methods of sharing their opinions with other customers.
Answer: E
Diff: 3 Page Ref: 18
AACSB: Use of IT
Skill: Concept
Objective: 1-4

55) Greater consumer control means that companies must rely more on marketing by _____ than by _____.
A) interruption; involvement
B) interaction; intrusion
C) socialization; information
D) producing; selling
E) inspiration; competition
Answer: B
Diff: 2 Page Ref: 18
AACSB: Communication
Skill: Concept
Objective: 1-4

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56) To create customer value and build strong customer relationships, marketers know they cannot go it alone; therefore, they practice _____.
A) partner relationship management
B) database marketing
C) attractive Web site design
D) customer equity
E) consumer-generated marketing
Answer: A
Diff: 1 Page Ref: 19
Skill: Concept
Objective: 1-4

57) In today's world, marketing should be done by _____ employees in an organization.
A) only marketing
B) only marketing, sales, and customer-support
C) only sales and technology
D) only management and marketing
E) all
Answer: E
Diff: 1 Page Ref: 19
Skill: Concept
Objective: 1-4

58) Through _____, many companies today are strengthening their connections to all partners, from providers of raw materials to components to final products that are delivered to final buyers.
A) supply chain management
B) direct marketing
C) partnership relationship marketing
D) customized marketing
E) equity marketing
Answer: A
Diff: 2 Page Ref: 21
Skill: Concept
Objective: 1-4

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59) Suzie Chan strengthens her company's connections by treating suppliers of raw materials, vendors, and distributors as partners in delivering customer value. What type of management is she practicing?
A) outside partnering
B) inside partnering
C) marketing
D) supply chain
E) customer development
Answer: D
Diff: 2 Page Ref: 21
Skill: Concept
Objective: 1-4

60) The final step in the marketing process is _____.
A) capturing value from customers
B) creating customer loyalty
C) creating customer lifetime value
D) understanding the marketplace
E) designing a customer-driven marketing strategy
Answer: A
Diff: 1 Page Ref: 21
Skill: Concept
Objective: 1-4

61) Stew Leonard, the owner of a highly successful regional supermarket chain, reacts adversely to losing a single customer sale. He feels that this amounts to losing the entire stream of future purchases that a customer is likely to make if he or she remains in the area. Stew Leonard's concern is an illustration of which of the following?
A) share of customer
B) market share
C) profitability
D) customer lifetime value
E) market share maintenance
Answer: D
Diff: 2 Page Ref: 22
AACSB: Reflective Thinking
Skill: Concept
Objective: 1-4

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62) *Advertising Age*, a magazine for advertising professionals, recently gave its Ad Agency of the Year award to _____.
A) the consumer
B) on-line marketers
C) Frito-Lay
D) Coca-Cola
E) YouTube
Answer: A
Diff: 3 Page Ref: 20
Skill: Concept
Objective: 1-4

63) Which of the following is an example of consumer-generated marketing?
A) Toyota's presence in online communities
B) Nike's Nike Plus running Web site
C) MasterCard's use of "Priceless" commercials shot by customers
D) Neiman Marcus's InCircle Rewards program for its best customers
E) The Lexus Covenant aimed at creating customer delight
Answer: C
Diff: 2 Page Ref: 20
Skill: Concept
Objective: 1-4

64) When an airline goes after a "share of travel" from its customers, it is attempting to increase _____.
A) customer lifetime value
B) share of customer
C) total customer spending
D) customer satisfaction
E) customer ownership
Answer: B
Diff: 2 Page Ref: 22
AACSB: Reflective Thinking
Skill: Concept
Objective: 1-4

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65) Beyond simply retaining good customers, marketers want to constantly increase their "share of customer." What does this mean in marketing terms?
A) Marketers want to increase their market share.
B) Marketers want to increase the share they get of the customer's purchasing in their product categories.
C) Marketers want to increase the profit margin with this target market.
D) Marketers want to continuously increase their customers' levels of satisfaction.
E) Marketers want to turn satisfied customers into delighted customers.
Answer: B
Diff: 3 Page Ref: 22
Skill: Concept
Objective: 1-4

66) _____ is one of the best ways to increase share of customer.
A) Targeting new customers
B) Using bait and switch
C) Cross-selling
D) Relationship selling
E) Partnership marketing
Answer: C
Diff: 2 Page Ref: 22
Skill: Concept
Objective: 1-4

67) Amazon.com leverages relationships with its 35 million customers by offering them music, videos, gifts, toys, consumer electronics, and office products, among other items. Based on previous purchase history, the company recommends related CDs, books, videos, or other products that might interest a customer. This most directly helps Amazon.com capture a greater _____.
A) customer lifetime value
B) share of customer
C) profit margin
D) share of market
E) customer equity
Answer: B
Diff: 2 Page Ref: 23
AACSB: Reflective Thinking
Skill: Concept
Objective: 1-4

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68) Which of the following is the total combined customer lifetime values of all a company's current and potential customers?
A) share of customer
B) customer lifetime value
C) customer equity
D) profitability
E) share of market
Answer: C
Diff: 2 Page Ref: 23
Skill: Concept
Objective: 1-4

69) The ultimate aim of customer relationship management is to produce _____.
A) customer equity
B) market share
C) sales volume
D) a reliable database
E) higher profit margins
Answer: A
Diff: 3 Page Ref: 23
Skill: Concept
Objective: 1-4

70) A potentially highly profitable, short-term customer is a _____.
A) true friend
B) butterfly
C) stranger
D) barnacle
E) true believer
Answer: B
Diff: 2 Page Ref: 24
Skill: Concept
Objective: 1-4

71) Customers can be classified into four relationship groups, according to their profitability and projected loyalty. Which type of customers have the highest profit potential and strong loyalty?
A) barnacles
B) strangers
C) butterflies
D) true friends
E) big fish
Answer: D
Diff: 2 Page Ref: 24
Skill: Concept
Objective: 1-4

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72) Which of the following statements about the Internet is most accurate?
A) Companies are cautiously using the Internet to build closer relationships with customers and marketing partners alike.
B) After the dot-com meltdown of 2000, fewer consumers are buying products and/or services online.
C) The Internet makes it easy for consumers to view, interact with, and create marketing content.
D) Consumer e-commerce looks promising, but business-to-business e-commerce is declining.
E) Web 2.0 involves a less balanced approach to online marketing than the original dot-com boom did.
Answer: C
Diff: 2 Page Ref: 26
AACSB: Use of IT
Skill: Concept
Objective: 1-5

73) Which of the following is currently the fastest-growing form of marketing?
A) consumer-generated marketing
B) online marketing
C) mass media marketing
D) social marketing
E) word-of-mouth marketing
Answer: B
Diff: 3 Page Ref: 26
AACSB: Use of IT
Skill: Concept
Objective: 1-5

74) Today almost every company, small and large, is affected in some way by which of the following?
A) the societal marketing concept
B) not-for-profit marketing
C) global competition
D) customer-generated marketing
E) caring capitalism
Answer: C
Diff: 2 Page Ref: 26
Skill: Concept
Objective: 1-5

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75) Governmental agencies are becoming more involved in marketing as the years pass. When a local government advertises keeping the area's streams and water supply cleaner, it is involved in _____.
A) green marketing
B) social marketing campaigns
C) demarketing
D) environmental marketing
E) partnership marketing
Answer: B
Diff: 2 Page Ref: 29
Skill: Concept
Objective: 1-5

76) Selling is managing profitable customer relationships.
Answer: FALSE
Diff: 1 Page Ref: 2
Skill: Concept
Objective: 1-1

77) Human needs are shaped by culture and individual personality.
Answer: FALSE
Diff: 2 Page Ref: 6
Skill: Concept
Objective: 1-2

78) The difference between human needs and wants is that needs are not influenced by marketers.
Answer: TRUE
Diff: 2 Page Ref: 6
Skill: Concept
Objective: 1-2

79) When backed by buying power, needs become demands.
Answer: FALSE
Diff: 2 Page Ref: 6
Skill: Concept
Objective: 1-2

80) Market offerings are limited to physical products.
Answer: FALSE
Diff: 2 Page Ref: 6
Skill: Concept
Objective: 1-2

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81) An experience such as a vacation can be defined as a market offering.
Answer: TRUE
Diff: 2 Page Ref: 6
AACSB: Reflective Thinking
Skill: Application
Objective: 1-2

82) When sellers focus on existing needs and lose sight of underlying customer wants, they suffer from marketing myopia.
Answer: FALSE
Diff: 3 Page Ref: 6
Skill: Concept
Objective: 1-2

83) Only sellers of products, services, and ideas practice marketing; buyers do not.
Answer: FALSE
Diff: 2 Page Ref: 8
Skill: Concept
Objective: 1-2

84) Market segmentation is the process of seeking fewer customers and reduced demand for profit maximization only.
Answer: FALSE
Diff: 3 Page Ref: 9
Skill: Concept
Objective: 1-3

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85) Demarketing is a marketing philosophy focused upon product differentiation and positioning.
Answer: FALSE
Diff: 2 Page Ref: 9
Skill: Concept
Objective: 1-3

86) When it becomes necessary to reduce demand for a product or service, an organization may use demarketing to reduce or shift the number of customers.
Answer: TRUE
Diff: 1 Page Ref: 9
Skill: Concept
Objective: 1-3

87) The production concept and product concept are orientations that can lead to marketing myopia.
Answer: TRUE
Diff: 3 Page Ref: 9-10
Skill: Concept
Objective: 1-3

88) The selling concept holds that consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort.
Answer: TRUE
Diff: 1 Page Ref: 10
Skill: Concept
Objective: 1-3

89) Amy's law office has developed a new format and wording for wills. The staff believes they offer the most in quality, performance, and innovative features. Her law office is practicing the production concept.
Answer: FALSE
Diff: 3 Page Ref: 10
AACSB: Reflective Thinking
Skill: Application
Objective: 1-3

90) Your department holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfaction better than competitors do. Your department is practicing the selling concept.
Answer: FALSE
Diff: 2 Page Ref: 10
AACSB: Reflective Thinking
Skill: Application
Objective: 1-3

91) Fast Food, Inc. views marketing as the science and art of finding, retaining, and growing profitable customers by providing them with the food they want. Fast Food, Inc. practices societal marketing.
Answer: FALSE
Diff: 2 Page Ref: 11
AACSB: Reflective Thinking
Skill: Application
Objective: 1-3

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92) The societal marketing concept calls on marketers to balance consumer wants and desires, company profits, and society's interests.
Answer: TRUE
Diff: 2 Page Ref: 11
AACSB: Ethical Reasoning
Skill: Concept
Objective: 1-3

93) For most marketers, customer relationship management (CRM) is exclusively a matter of customer data management.
Answer: FALSE
Diff: 2 Page Ref: 13
Skill: Concept
Objective: 1-4

94) The marketing mix includes production, price, promotion, and packaging; this is known as the four Ps of marketing.
Answer: FALSE
Diff: 2 Page Ref: 12
Skill: Concept
Objective: 1-3

95) Customer-perceived value is defined as the customer's evaluation of the perceived difference between all the benefits and all the costs of a marketing offer relative to those of competing offers.
Answer: TRUE
Diff: 1 Page Ref: 13
Skill: Concept
Objective: 1-4

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96) With selective relationship management, companies use customer profitability analysis to eliminate losing customers and target winning ones.
Answer: TRUE
Diff: 2 Page Ref: 17
Skill: Concept
Objective: 1-4

97) Large-scale marketing approaches that foster two-way customer relationships are made possible by new communication technologies.
Answer: TRUE
Diff: 1 Page Ref: 17
AACSB: Use of IT
Skill: Application
Objective: 1-4

98) Consumer-generated marketing, a relatively new phenomenon, has so far had little impact as a marketing force.
Answer: FALSE
Diff: 2 Page Ref: 19
AACSB: Communication
Skill: Concept
Objective: 1-4

99) To increase their "share of customer," a firm concentrates on retaining as many customers as possible over their lifetimes.
Answer: FALSE
Diff: 3 Page Ref: 22
Skill: Concept
Objective: 1-4

100) Web 2.0 is distinguished by its poorly conceived e-tailers and Web start-ups.
Answer: FALSE
Diff: 2 Page Ref: 26
AACSB: Use of IT
Skill: Concept
Objective: 1-5

101) Briefly compare and contrast the concepts of needs, wants, and demands, giving an example of each. Discuss how these concepts relate to marketing practices.
Answer: Human needs are states of felt deprivation. Needs are part of the human make-up; they are not created by external forces. Humans have a basic physical need for food, clothing, warmth, and safety; a basic social need for belonging and affection; and a basic individual need for knowledge and self-expression. Unlike needs, wants are not innate; instead, wants are needs shaped by culture, society, and individual personality. For example, an American needs food but wants a Big Mac and a soft drink. An American with ten dollars needs food, wants a Big Mac and soft drink, and demands lunch at McDonalds. Wants become demands when they are backed by consumers' buying power. Marketers conduct extensive research to understand customers' wants and demands. They then attempt to fulfill customers' wants and demands through their market offerings.
Diff: 2 Page Ref: 6
AACSB: Analytic Skills
Skill: Application
Objective: 1-2

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102) In a short essay, explain how and why marketers go beyond selling a product or service to create brand experiences.
Answer: Sellers are most effective when they focus more on the benefits and experiences produced by their products and services than on the specific products and services themselves. Smart marketers focus on creating a brand experience, incorporating several products and services for their customers. By doing so, marketers hope to increase customer satisfaction, creating a body of customers who will repeatedly purchase their market offerings and recommend those offerings to friends.
Diff: 2 Page Ref: 7
AACSB: Analytic Skills
Skill: Application
Objective: 1-2

103) Compare the selling and marketing concepts, listing the key components of each philosophy.
Answer: The selling concept reflects an inside-out philosophy, while the marketing concept takes an outside-in perspective. The selling concept is typically practiced when an organization is marketing products or services that buyers do not normally think of purchasing, such as insurance or blood donation. Aggressive selling focuses on creating sales transactions rather than on building long-term relationships with customers, with the aim of selling what the company makes rather than making what the customer wants. The marketing concept, on the other hand, is based upon identifying the needs and wants of target markets and then satisfying those needs and wants better than competitors do. In contrast to the selling concept, marketing focuses on the customer, not the product, as the path to profits.
Diff: 2 Page Ref: 10
AACSB: Analytic Skills
Skill: Application
Objective: 1-3

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104) Briefly explain the societal marketing concept. Give an example of an organization that has effectively used the societal marketing concept.
Answer: According to this concept, firms will succeed if they take underlying consumer needs and society's well being into account over the long term. A pure marketing concept can damage consumers' long-run welfare by focusing exclusively on satisfying consumers' short-run wants. Over a long period of time, this too-narrow focus can be damaging to the company. In setting their marketing strategies, marketers today need to balance company profits, consumer wants, and society's interests. Johnson & Johnson is an example of a company that has successfully implemented the societal marketing concept. The organization stresses honesty, integrity, and putting people before profits, an ethic that helped Johnson & Johnson quickly address and recover from the poisonous tampering of Tylenol capsules in 1982.
Diff: 2 Page Ref: 11
AACSB: Ethical Reasoning
Skill: Application
Objective: 1-3

105) Define customer relationship management and explain its associated tools and levels of relationships.
Answer: Customer Relationship Management (CRM) is the process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. A company with mostly low-margin customers is likely to seek basic relationships, using brand-building advertising and sales promotion. An organization with few customers and high margins, on the other hand, will work to create key partnerships with select customers. To create stronger bonds with customers, some marketers use tools such as financial benefits or rewards based on frequency of purchase. Other tools include social benefits, like offering key customers the opportunity to network and create communities through club marketing programs. Another approach adds structural ties to the aforementioned financial and social benefits. Hence, to retain current customers and remain profitable, companies today are going beyond transactional marketing to customer relationship management. The key is to create and sustain relationships for the long term.
Diff: 3 Page Ref: 13
AACSB: Communication
Skill: Application
Objective: 1-4

106) Explain why the aim of customer relationship management is to create not just customer satisfaction, but also customer delight.
Answer: Customer satisfaction cannot be taken for granted. Because brand loyalty is dependent upon strong customer satisfaction, companies strive to retain, satisfy, and even delight current customers. Firms create customer delight by promising only what they can deliver and then delivering more than what they promised. They also create emotional relationships with key customers. Delighted customers make repeated purchases and become customers for life. More importantly, they also essentially become an unpaid sales force for the firm as "customer evangelists" who tell other potential customers about their positive experiences with the product.
Diff: 1 Page Ref: 13
AACSB: Analytic Skills
Skill: Application
Objective: 1-4

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107) In a short essay, discuss the challenges and advantages that new communication technologies have created for marketers.
Answer: Through the Internet and related technologies, people can now interact in direct and surprisingly personal ways with large groups of others, from neighbors within a local community to people across the world. With communication technologies such as e-mail, blogs, Web sites, online communities, and online social networks, today's marketers incorporate interactive approaches that help build targeted, two-way customer relationships. Marketers can create deeper consumer involvement and a sense of community surrounding a brand, making a brand a meaningful part of consumers' conversations and lives. However, while new communication tools create relationship-building opportunities for marketers, they also create challenges. They give consumers a greater voice, and therefore greater power and control in the marketplace. Today's consumers have more information about brands than ever before, and they have a wealth of platforms for airing and sharing their brand views with other consumers. This benefits companies when views of its products are positive, but can be damaging when customers share stories of negative experiences with a company's products.
Diff: 2 Page Ref: 18
AACSB: Use of IT
Skill: Application
Objective: 1-4

108) Define customer equity and explain how a company can increase it.
Answer: Customer equity is the sum of the lifetime values of all a company's current and potential customers. Customer equity is dependent upon customer loyalty from a firm's profitable customers. Because customer equity is a reflection of a company's future, companies must manage it carefully, viewing customers as assets that need to be maximized. To increase customer equity, companies should work to delight their customers and establish full relationships with their most profitable customers.
Diff: 1 Page Ref: 23
AACSB: Analytic Skills
Skill: Application
Objective: 1-4

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109) In a short essay, describe and compare the four types of customers classified by their potential profitability to an organization. Explain how an organization should manage each type of customer.
Answer: The four types of customers are strangers, butterflies, true friends, and barnacles. "Strangers" have low potential profitability and loyalty. A company's offerings do not fit well with a stranger's wants and demands. Companies should not invest in building a relationship with this type of customer. Another type of customer in which a company should not invest is the "barnacle." Barnacles are highly loyal but not very profitable because there is a limited fit between their needs and the company's offerings. The company might be able to improve barnacles' profitability by selling them more, raising their fees, or reducing service to them. However, if they cannot be made profitable, they should be "fired." Like strangers, "butterflies" are not loyal. However, they are potentially profitable because there is a good fit between the company's offerings and their needs. Like real butterflies, this type of customer will come and go without becoming a permanent, loyal consumer of a company's products. Companies should use promotional blitzes to attract these customers, create satisfying and profitable transactions with them, and then cease investing in them until the next time around. The final type of customers is "true friends"; they are both profitable and loyal. There is a strong fit between their needs and the company's offerings, so the company should make continuous relationship investments in an effort to go beyond satisfying and to delight these customers. A company should try to convert true friends into customer evangelists who tell others about their good experiences with the company.
Diff: 3 Page Ref: 24
AACSB: Analytic Skills
Skill: Application
Objective: 1-4

110) Explain how the Internet has transformed the way in which we do business today.
Answer: The Internet links individuals and businesses of all types to each other. The Internet allows firms access to exciting new marketspaces. The Internet has spawned an entirely new breed of "click only" companies–the "dot-coms." The post-Internet frenzy of the late 1990s has introduced companies that are both savvy and face promising futures. These companies use a set of new Web technologies to reach customers, including blogs (web logs), vlogs (video-based logs), and social networking sites. "Brick-and-mortar" companies of the past are now "click-and-mortar" companies, with online presences aimed at attracting new customers and strengthening bonds with current customers. Approximately 65% of American Internet users now shop online, making a Web presence a necessity for any organization.
Diff: 1 Page Ref: 26
AACSB: Use of IT
Skill: Application
Objective: 1-5

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111) Greg Williams now has the buying power to purchase the computer system he has wanted for the last six months. Greg's want now has become a(n) _____.
A) need
B) necessity
C) demand
D) exchange
E) transaction
Answer: C
Diff: 1 Page Ref: 6
AACSB: Reflective Thinking
Skill: Application
Objective: 1-2

112) To avoid traffic gridlock in large metro areas, a community might use _____ to discourage travelers from driving during peak commuting hours.
A) target marketing
B) market segmentation
C) demarketing
D) marketing
E) the production concept
Answer: C
Diff: 1 Page Ref: 9
AACSB: Reflective Thinking
Skill: Application
Objective: 1-3

113) Cathy's Clothes is a small retail chain successfully selling women's clothing and accessories with a profitable focus on buyers who have relatively modest means. This is an example of _____.
A) convenience
B) social marketing
C) market segmentation
D) target marketing
E) value packing
Answer: D
Diff: 2 Page Ref: 8
AACSB: Reflective Thinking
Skill: Application
Objective: 1-3

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114) Jolene's firm markets preplanning services for a mortician. She finds that most of her target market wants to avoid discussing their future funeral needs, and she must somehow first get their attention. Jolene's firm is most likely practicing the _____.
A) production concept
B) marketing concept
C) selling concept
D) relationship concept
E) societal marketing concept
Answer: C
Diff: 2 Page Ref: 10
AACSB: Reflective Thinking
Skill: Application
Objective: 1-3

115) Henry Ford's philosophy was to perfect the Model-T so that its cost could be reduced further for increased consumer affordability. This reflects the _____ concept.
A) product
B) production
C) selling
D) marketing
E) societal marketing
Answer: B
Diff: 2 Page Ref: 9
AACSB: Reflective Thinking
Skill: Application
Objective: 1-3

116) Railroads were once operated based on the thinking that users wanted trains rather than transportation, overlooking the challenge of other modes of transportation. This reflects the _____ concept.
A) product
B) production
C) selling
D) marketing
E) societal marketing
Answer: A
Diff: 3 Page Ref: 10
AACSB: Reflective Thinking
Skill: Application
Objective: 1-3

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117) Which of the following reflects the marketing concept?
A) "The supplier is king."
B) "Marketing should be viewed as hunting and not gardening."
C) "This is what I make; won't you please buy it?"
D) "This is what I want; won't you please make it?"
E) "Customers need to be told where they want to go."
Answer: D
Diff: 3 Page Ref: 10
AACSB: Reflective Thinking
Skill: Application
Objective: 1-3

118) Some fast-food restaurants offer tasty and convenient food at affordable prices, but in doing so they contribute to a national obesity epidemic and environmental problems. These fast-food restaurants overlook the _____ philosophy.
A) marketing concept
B) product concept
C) production concept
D) societal marketing concept
E) selling concept
Answer: D
Diff: 1 Page Ref: 11
AACSB: Reflective Thinking
Skill: Application
Objective: 1-3

119) Members of the sales team at Dekko International visit only prospective customers who purchase a minimum of $50,000 of insulated wire per year. Dekko is using _____.
A) selective relationship management
B) a frequency marketing program
C) a club marketing program
D) demarketing
E) a value proposition
Answer: A
Diff: 2 Page Ref: 17
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

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120) You have just taken a new position in an organization and you're learning about the job functions of your new colleagues. You observe that your marketing manager is heavily involved in the process of building and maintaining profitable customer relationships. Your marketing manager frequently speaks about the need to deliver superior customer value and satisfaction. Your manager is concerned with which one of the following?
A) database management
B) Web site hits
C) the societal marketing concept
D) partner relationship management
E) customer relationship management
Answer: E
Diff: 1 Page Ref: 13
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

121) Sally purchased Brand X lotion. In comparing her perception of how the lotion made her skin feel and look to her expectations for Brand X lotion, Sally was measuring her level of _____.
A) customer-perceived value
B) customer satisfaction
C) customer equity
D) demand
E) customer lifetime value
Answer: B
Diff: 3 Page Ref: 13
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

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122) FedEx offers its customers fast and reliable package delivery. When FedEx customers weigh these benefits against the monetary cost of using FedEx along with any other costs of using the service, they are acting upon _____.
A) loyalty
B) relationship marketing
C) customer-perceived value
D) social relationships
E) a societal marketing campaign
Answer: C
Diff: 3 Page Ref: 13
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

123) Tommy Gray attempts to deliver customer satisfaction every day in his Audio Expressions installation business. He is a smart operator who knows that the key to this goal is to match _____ with _____.
A) company performance; competition
B) company performance; competitive prices
C) relationship building; performance tools
D) company performance; unique products
E) customer expectations; company performance
Answer: E
Diff: 2 Page Ref: 13
AACSB: Analytic Skills
Skill: Application
Objective: 1-4

124) Shania works hard to foster an emotional relationship between her Internet customers and the beauty products and services that she and her staff sell. By promoting a company culture that values exceptional value and service, Shania aims to create _____ by going beyond the expected.
A) customer delight
B) customer satisfaction
C) customer value
D) customer equity
E) customer involvement
Answer: A
Diff: 1 Page Ref: 13
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

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125) You are an assistant marketing director for a firm in a market with many low-margin customers. What type of relationship would it be most profitable for you to develop with these customers?
A) full partnerships
B) basic relationships
C) basic partnerships
D) club programs
E) selective relationships
Answer: B
Diff: 2 Page Ref: 16
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

126) Elisandra, a marketing manager at a regional chain restaurant, has decided to sponsor a contest calling for customers to create commercials for the restaurant. Winning entries will be posted on the organization's home page. Elisandra's plan is an example of _____.
A) consumer-generated marketing
B) partner relationship management
C) customer lifetime value
D) community development around a brand
E) selective relationship management
Answer: A
Diff: 2 Page Ref: 19
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

127) At Gina's Nails, the posted policy is "Without our customers, we don't exist." Gina and her staff aim to delight each customer, and they are quick to offer discounts or extra services whenever a customer is anything less than satisfied. Gina and her staff strive to make every customer a repeat customer. It is most accurate to say that instead of focusing on each individual transaction, Gina and her staff put a priority on _____.
A) maintaining customer-perceived value
B) enlisting customer evangelists
C) attracting "butterflies"
D) converting "strangers"
E) capturing customer lifetime value
Answer: E
Diff: 3 Page Ref: 22
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

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128) Afia, a team leader in charge of customer relationship management, is planning strategies for improving the profitability of her firm's least profitable but loyal customers. She is also examining methods for "firing" customers in this group who cannot be made profitable. To which of the following customer relationship groups do these customers belong?
A) butterflies
B) true friends
C) strangers
D) barnacles
E) short-term customers
Answer: D
Diff: 2 Page Ref: 24
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

129) A church targeting different demographic groups to increase attendance is an example of _____.
A) for-profit marketing
B) not-for-profit marketing
C) societal marketing
D) customer evangelism
E) caring capitalism
Answer: B
Diff: 2 Page Ref: 28
AACSB: Reflective Thinking
Skill: Application
Objective: 1-5

130) Ben & Jerry's challenges all stakeholders, including employees, top management, and even ice cream scoopers in their stores, to consider individual and community welfare in their day-to-day decisions. Actions such as this by companies seizing the opportunity to do well by doing good reflects _____.
A) environmentalism
B) social responsibility
C) profit marketing
D) partnership management
E) myopia
Answer: B
Diff: 1 Page Ref: 27
AACSB: Reflective Thinking
Skill: Application
Objective: 1-5

131) Your state's department of education has budgeted a significant amount of money for a radio, print, television, and online advertising campaign emphasizing the long-term benefits, both educationally and professionally, of reading every day. This is an example of a(n) _____ campaign.
A) ethical
B) social marketing
C) for-profit
D) consumer-generated
E) differentiated
Answer: B
Diff: 3 Page Ref: 29
AACSB: Reflective Thinking
Skill: Application
Objective: 1-5

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Refer to the scenario below to answer the following questions.

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a bluff overlooking the Maine coast, Seagull Terrace had attracted thousands of visits during the summer months, but then faced a tremendous downturn in business during the winter months. "But, given the industry in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!"

So Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travelers year-round. Carol's plan, then, involved a seasonal promotional gimmick□to be implemented from early winter to late spring–that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travelers–both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals.

"We still have a long way to go," Carol admitted. "Our delicatessen offers delicious entrees, but we'd like to expand that. We provide health club privileges off-site, but we'd like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities! With an indoor pool area, I will eventually offer weekend get-aways throughout winter."

132) Which of the following groups is specifically part of Seagull Terrace's target market?
A) seasonal business travelers
B) young families
C) retirees
D) summer campers
E) athletes
Answer: A
Diff: 1 Page Ref: 8
AACSB: Reflective Thinking
Skill: Application
Objective: 1-3

133) Carol Veldt's use of "promotional gimmicks" is an example of the _____ concept.
A) selling
B) marketing
C) product
D) production
E) societal marketing
Answer: A
Diff: 2 Page Ref: 10
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

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134) Renovations of the guest rooms at the Seagull Terrace and plans to add an indoor pool area are examples of the _____ concept.
A) selling
B) marketing
C) product
D) production
E) societal marketing
Answer: C
Diff: 2 Page Ref: 10
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

135) Carol Veldt has decided to ask selected guests to participate in an extensive survey about their experience at Seagull Terrace and about their most desired amenities and vacation experiences. By implementing the suggestions she receives from guests, Carol would be following the _____ concept.
A) production
B) product
C) selling
D) marketing
E) societal
Answer: D
Diff: 2 Page Ref: 10
AACSB: Reflective Thinking
Skill: Application
Objective: 1-4

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136) What should sellers consider if they wish to avoid marketing myopia?
Answer: Sellers should consider the particular benefits and experiences desired by their customers, and not just pay attention to the specific products they offer.
Diff: 1 Page Ref: 6
AACSB: Analytic Skills
Skill: Application
Objective: 1-2

137) You are a manufacturer of tents, sleeping bags, and outdoor cooking equipment. How might you go about creating brand experiences for your customers?
Answer: Such manufacturers should focus on the benefits enjoyed through the use of their products-access to the great outdoors, shared family experiences, and relived memories of the consumer's youth.
Diff: 1 Page Ref: 7
AACSB: Analytic Skills
Skill: Application
Objective: 1-2

138) Think about suppliers and other marketing partners. A modern marketing system relies on profitable relationships all along the way. How might Wal-Mart rely on their marketing partners in order to offer low prices?
Answer: Wal-Mart must rely on suppliers that will provide merchandise at low costs, a low-cost and efficient distribution system, an accurate and efficient customer relationship database system, and a strong partnership with each of the members of its supply chain.
Diff: 1 Page Ref: 8
AACSB: Analytic Skills
Skill: Application
Objective: 1-2

139) When demand for the latest talking Elmo was at its highest, it was suggested that manufacturers purposefully maintain strong demand by limiting supply, which would drive prices up. If this were the case, explain how such manufacturers were NOT carrying out the production concept.
Answer: The production concept holds that consumers favor products that are available and affordable. With this concept, manufacturers work to increase production and improve manufacturing efficiency, and thus eventually lower the price paid by the consumer.
Diff: 3 Page Ref: 9
AACSB: Analytic Skills
Skill: Application
Objective: 1-3

140) The marketing team at Bead Beautiful, a line of jewelry targeted at pre-teenage girls, is meeting to formulate the products' value proposition. What should team members consider as they define a value proposition for Bead Beautiful?
Answer: In considering Bead Beautiful's value proposition, the marketing team should identify the benefits and values the company promises to deliver to customers to satisfy their needs. The value proposition should differentiate Bead Beautiful from other similar products, answering the customer's question "Why should I buy this brand rather than a competitor's?"
Diff: 2 Page Ref: 9
AACSB: Analytic Skills
Skill: Application
Objective: 1-3

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141) Company X carries organizational and office supplies and follows the selling concept. Explain how Company X may lose sight of customer relationships with their marketing orientation.
Answer: The company's aim is to sell its supplies rather than make what the market wants; such a strategy creates sales transactions but not long-term relationships. The company's likely faulty assumption is that customers who are persuaded to buy the product will like it or that they will buy the product again even if they weren't really initially satisfied. Company X will not foster customer loyalty with this approach.
Diff: 2 Page Ref: 10
AACSB: Analytic Skills
Skill: Application
Objective: 1-3

142) In nineteenth-century Dublin, Molly Malone sold cockles and mussels while shouting to passers by, "alive-alive-oh." Was Molly taking an outside-in or inside-out perspective? Explain.
Answer: The vendor's approach was inside-out. The cockles and mussels are available. The vendor's job was then to attract willing buyers.
Diff: 3 Page Ref: 10
AACSB: Reflective Thinking
Skill: Concept
Objective: 1-3

143) Explain why electronics and pharmaceuticals manufacturers may use customer-driving marketing.
Answer: In such industries, consumers do not know exactly what new products are available; therefore, consumers rely on such firms to tell them what they need.
Diff: 2 Page Ref: 11
AACSB: Analytic Skills
Skill: Application
Objective: 1-3

144) Explain how storing customer information in a database might better prepare car-maker Saturn in customer relationship management (CRM).
Answer: Managing detailed information about customers may allow Saturn to design new models around customer demographics and desires for specific features. These "touchpoints" can be the key to long-term customer loyalty.
Diff: 3 Page Ref: 13
AACSB: Analytic Skills
Skill: Application
Objective: 1-4

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145) What determines whether sellers create basic relationships or full partnerships with customers?
Answer: The type of relationship a seller seeks to create with its customers is dependent on the number of customers and their profitability. A company with many low-margin customers develops basic relationships; a company with just a few high-margin customers invests resources to create full partnerships.
Diff: 1 Page Ref: 16
AACSB: Analytic Skills
Skill: Application
Objective: 1-4

146) How can a marketer increase "share of customer"?
Answer: The marketer can offer greater variety to customers; in addition, the marketer can train employees to cross-sell and up-sell in order to market more products and services to existing customers.
Diff: 2 Page Ref: 22-23
AACSB: Analytic Skills
Skill: Application
Objective: 1-4

147) Explain what marketers can expect from individuals in the customer relationship group classified as "butterflies."
Answer: "Butterflies" are profitable but not loyal. Marketers should enjoy this type of customer "for the moment" because they soon flutter off. Marketers should create profitable and satisfying transactions with "butterflies," then cease investing in them until the next time around. Marketers can expect transactions with butterflies when conditions are optimal for the customer, but they should not expect butterflies to become loyal customers.
Diff: 2 Page Ref: 24
AACSB: Analytic Skills
Skill: Application
Objective: 1-4

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148) Able works in the marketing department of an international company. In what ways might Able use modern technologies to conduct market research in order to learn more about and better serve his company's customers?
Answer: Able could use videoconferencing to monitor customer focus groups discussing the company's products and services in various locations. Able could use online data services to learn more about the needs and wants of his customers, or he could create a customer database for the company to target individual customers with tailored offers.
Diff: 2 Page Ref: 25
AACSB: Use of IT
Skill: Application
Objective: 1-5

149) In what ways might even a local retailer find itself touched by global competition?
Answer: A local retailer might have global suppliers and customers. The retailer's goods may come from abroad, or components of those goods may be produced or assembled abroad. In addition, a local retailer may also sell goods over the Internet to international customers.
Diff: 1 Page Ref: 27
AACSB: Analytic Skills
Skill: Application
Objective: 1-5

150) How is marketing being applied in the not-for-profit sector?
Answer: Firms in the not-for-profit sector use marketing to enhance their images, to encourage donor marketing to attract memberships and donors, and to design social marketing campaigns to encourage specific causes.
Diff: 2 Page Ref: 28
AACSB: Analytic Skills
Skill: Application
Objective: 1-5

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